

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
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TO SECSTATE WASHDC 6915
INFO AMEMBASSY VICTORIA

C O N F I D E N T I A L SECTION 1 OF 2 PORT LOUIS 0853

E.O. 11652: GDS
TAGS: ECON PINT ELAB PINS SOPN PDIP MP IN
SUBJECT: MAURITIUS WEEKLY REVIEW - AUGUST 12

REF: PORT LOUIS 0823

SUMMARY. PORT LOUIS 0852 (NOTAL) PROVIDES A SUMMARY
OF THIS CABLE. END SUMMARY.

1. THE TRIPARTITE GOVERNMENT-EMPLOYERS-TRADE UNION
NEGOTIATIONS OVER A GENERAL WAGE INCREASE (REFTEL)
REACHED AN IMPASSE ON AUGUST 8. IN A LONG AND EFFECTIVE
TV ADDRESS, FINANCE MINISTER RINGADOO SAID THE TWO
SIDES ARE NOT FAR APART (THE EMPLOYERS HAVE ADOPTED
THE GOVERNMENT'S POSITION), BUT THAT THE GOVERNMENT
AND PRIVATE SECTOR CANNOT AFFORD THE ADDITIONAL 40
MILLION RUPEES THAT THE UNION DEMANDS WILL COST, ON
TOP OF THE 154 MILLIONS ALREADY CONCEDED. THE TWO
SIDES ALSO DISAGREE ON HOW MUCH OF A COST OF LIVING
INCREASE WILL TRIGGER THE NEXT INCREASE IN WAGES.
RINGADOO PROPOSED THAT THE GOVERNMENT OFFER BE IMPLEMENTED
IMMEDIATELY, TO HELP THE WORKERS, AND THAT THE
DIFFERENCES BE REFERRED TO THE PERMANENT ARBITRATION
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TRIBUNAL. THE UNION FRONT REJECTED THIS PROPOSAL AND CALLED
A MEETING OF ALL UNION DELEGATES FOR AUGUST 13 TO DECIDE
ON A FUTURE COURSE OF ACTION, WHILE STILL THREATENING A
GENERAL STRIKE. ON AUGUST 9 THE GOVERNMENT AND THE
EMPLOYERS REFERRED THE WHOLE QUESTION TO THE ARBITRATION
TRIBUNAL.

2. IN HIS TV ADDRESS RINGADOO SAID THE GOVERNMENT WISHED TO AVOID A CONFRONTATION WITH THE TRADE UNIONS, AND THAT A RESOLUTION OF DIFFERENCES OUGHT TO BE ACHIEVED "IN A CIVILIZED MANNER." (RINGADOO TOLD THE AMBASSADOR PRIVATELY HE EXPECTED THE UNIONS WILL CALL A STRIKE. HE SAID HIS CONCERN WAS TO UPHOLD A MATTER OF PRINCIPLE AND NOT TO ALLOW THE SETTING OF A PRECEDENT. HE IS LESS CONCERNED ABOUT THE POTENTIAL DAMAGE TO HIS BUDGET THAN ABOUT PERMITTING THE ESTABLISHMENT OF "INDEXATION" BY WHICH FUTURE WAGE INCREASES WOULD BECOME AUTOMATIC AND TIED TO RISES IN THE CONSUMER PRICE INDEX, AS THIS WOULD CLEARLY FUEL INFLATION.)

3. TO REINFORCE HIS ARGUMENT THAT THE COUNTRY CANNOT AFFORD A MAJOR WAGE INCREASE, FINANCE MINISTER RINGADOO HAS BEEN CITING THE FALL IN THE COUNTRY'S FOREIGN EXCHANGE RESERVES TO 295 MILLION RUPEES AS OF JUNE 1977. THIS WAS REVEALED BY LE MILITANT, THE MAURITIAN MILITANT MOVEMENT (MMM) NEWSPAPER, WHICH NOTED THAT RESERVES AMOUNTED TO 1045 MILLIONS IN DECEMBER 1975, INDICATING HOW STEEP AND RAPID THE FALL HAS BEEN. LE MILITANT ARGUED THAT THESE FIGURES PROVE THE COUNTRY IS HEADING FOR AN ECONOMIC CRISIS, WHICH IT NATURALLY BLAMES ON THE RULING LABOR PARTY.

4. MMM PRESIDENT JUGNAUTH, ACTING AS LEADER OF THE OPPOSITION, HAS CALLED ON THE PRIME MINISTER TO CONVENE
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THE NATIONAL ASSEMBLY URGENTLY TO DISCUSS THE SITUATION CREATED BY THE DEAD-LOCK IN THE WAGE NEGOTIATIONS. THE ASSEMBLY IS IN RECESS UNTIL OCTOBER 18. THE PRIME MINISTER WILL PROBABLY IGNORE THE APPEAL.

5. THE PARTISAN PRESS OF MAURITIUS, WHICH MEANS PRACTICALLY ALL OF THE NEWSPAPERS, HAS HAD LITTLE IN THE WAY OF SOLID POLITICAL DEVELOPMENTS RECENTLY WITH WHICH TO STIR THE BREW OF CONTROVERSY. IT HAS THEREFORE BEEN OVERINDULGING IN ITS FAVORITE PASTIME OF TRYING TO CAUSE TROUBLE FOR ADVERSARY PARTIES BY FOMENTING INTERNAL DISSENSION WITHIN THEM WHERE IT DOESN'T EXIST, OR OF PUBLICIZING SUCH DISSENSION WHERE IT DOES EXIST. THIS OF COURSE DISTRACTS ATTENTION FROM INTERNAL DISSENSION WITHIN ONE'S OWN PARTY. THE PRO-GOVERNMENT PRESS HAS THUS BEEN MAKING A BIG THING OF CONTRADICTORY STATEMENTS BY MMM LEADERS, THE DISCIPLINING OF HERVE MASSON, THE DEFECTION OF DEOLALL GUNNESH, AND ANY OTHER SIGN THAT THE MMM DOES NOT PRESENT A SOLID, DISCIPLINED IDEOLOGICAL FRONT. THE MMM IS HAVING FUN WITH THE FACT THAT YOUNG LABOR DEPUTY HARISH BOODHOO IS CHALLENGING LONG-TIME PARTY SECRETARY GENERAL KHER JAGATSIGN FOR THAT POST AT THE UPCOMING LABOR PARTY CONGRESS ON AUGUST 18.

6. PRIME MINISTER AMGOOLAM BELIEVES THE MMM HAS GENUINELY SUFFERED A LOSS OF MOMENTUM BECAUSE OF INTERNAL IDEOLOGICAL AND COMMUNAL DISSENSION. HE TOLD THE AMBASSADOR THIS WEEK THAT HE IS MUCH LESS WORRIED ABOUT FACING THE MMM IN NEW ELECTIONS NOW THAN HE WAS FORMERLY. HE BOASTED THAT "AT LEAST FIVE" MMM DEPUTIES ARE READY TO "COME OVER" TO THE LABOR PARTY, BUT SINCE HE DOES NOT NEED THEM NOW HE IS HOLDING THAT MOVE IN RESERVE. THE PRIME MINISTER IS STILL WORRIED ABOUT A SEYCHELLES-STYLE COUP HERE, AND HE BELIEVES THE REDUCED ELECTORAL PROSPECTS OF THE MMM MAY CAUSE THEM TO SEEK A DIFFERENT PATH TO POWER. HE WONDERED ALOUD IF THE BRITISH HAD SANCTIONED THE COUP IN THE SEYCHELLES, SINCE THEIR POLICE OFFICERS HAD MADE CONFIDENTIAL

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NO MOVE TO COUNTER IT. (THE AMBASSADOR HASTENED TO SAY THAT WHILE THE BRITISH POLICE OFFICERS MAY HAVE BEEN NEGLIGENT, THE BRITISH COULD HARDLY HAVE BEEN PLEASED BY THE COUP.) RAM SAID THE MMM HAD MADE A BID FOR POWER LAST DECEMBER BY TRYING TO STEAL TWO LABOR DEPUTIES IN ORDER TO FASHION A MAJORITY OF THE ASSEMBLY WHICH THEY WOULD THEN PRESENT TO THE GOVERNOR GENERAL. BUT THEY WERE IGNORANT OF HOW THE SYSTEM WORKS IN MAURITIUS, RAM SAID, WHICH IS THAT THE INCUMBENT PRIME MINISTER TELLS THE GOVERNOR GENERAL HOW A GOVERNMENT WILL BE FORMED, UNLIKE BRITAIN, WHERE THE QUEEN TAKES THE INITIATIVE IN GOVERNMENT-FORMATION.

7. IN RECENT WEEKS THE MAURITIUS STOCK MARKET, WHICH IS CONSIDERED A SENSITIVE INDICATOR OF CONFIDENCE OR LACK OF IT IN THE COUNTRY'S ECONOMIC AND POLITICAL STABILITY AND PROSPECTS, HAS SHOWN A DECIDED PICK-UP IN INVESTOR INTEREST AND A STRENGTHENING OF PRICES AS WELL. THIS CONTRASTS SHARPLY WITH THE ATTITUDE IN THE MONTHS AFTER THE MMM'S STRONG SHOWING IN THE DECEMBER PARLIAMENTARY ELECTIONS. THE CHANGE MAY MEAN THAT ANTICIPATION OF AN EARLY ASSUMPTION OF POWER BY THE MMM IS FADING IN PUBLIC OPINION.

8. THE CONSUMER PRICE INDEX ROSE STEEPLY IN JUNE, BY 1.8 PERCENT. THE OVERALL RISE SINCE JUNE A YEAR AGO HAS BEEN 11.2 PERCENT.

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9. THERE HAS BEEN A SPLIT IN PMSD RANKS, WITH FACTIONS LINING UP BEHIND PARTY LEADER DUVAL AND MAURICE NOEL, A FRANCO-MAURITIAN WHO IS MINISTER OF LOCAL GOVERNMENT. NOEL APPARENTLY DECLINED TO APPROVE A MASS HIRING OF DUVAL COHORTS BY THE TOWN OF CUREPIPE, WHERE DUVAL SITS AS MAYOR. NOEL APPEARS TO BE SUPPORTED BY RAMGOOLAM AND THE LABOR PARTY WHICH FORMS THE COALITION WITH THE PMSD. THE FRANCO-MAURITIAN COMMUNITY, WHICH PROVIDED THE FINANCIAL MUSCLE OF THE PMSD, IS NOT SURPRISINGLY TAKING NOEL' SIDE. THE PMSD'S WASTEFUL AND PARTISAN ADMINISTRATION OF THE COUNTRY'S TOWNS IN THE EARLY 70'S NEARLY CAUSED THE DEMISE OF THE PARTY, AND THE SAME PATTERN APPEARS TO BE EMERGING AGAIN.

10. LE CERNEEN, THE NEWSPAPER OF THE FRANCO-MAURITIAN COMMUNITY AND SUGAR INDUSTRY, IS ACQUIRING A NEW OFFSET PRESS FROM THE U.S. WHICH WILL PERMIT THE PAPER TO EXPAND TO TEN PAGES, LARGER THAN ANY OF THE OTHERS. THE CURRIMJEE FAMILY, WEALTHY ISMAILI MERCHANTS, HAVE TAKEN A CONTROLLING INTEREST IN THE STAR, THE MUSLIM NEWSPAPER, AND HOPE TO MAKE IT A CREDIBLE AND MODERATE VOICE IN THE MUSLIM COMMUNITY, WHICH VOTED HEAVILY FOR THE MMM IN THE LAST ELECTIONS. GAETAN DUVAL'S PAPER, LE POPULAIRE, IS BROKE
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AND NEAR TO FOLDING UP.

11. THE NEW INDIAN HIGH COMMISSIONER, KAILASH CHANDRA, PRESENTED HIS CREDENTIALS TO THE GOVERNOR GENERAL ON AUGUST 10. THE POST HAS BEEN VACANT SINCE JANUARY. CHANDRA, 62, A LAWYER, CIVIL SERVANT, AUTHOR AND POLITICIAN, HAS LONG HAD A SPECIAL INTEREST IN SOCIAL WELFARE. HIS PREDECESSOR, A CAREER DIPLOMAT, RETIRED MANDATORILY FOR

AGE AT 58 LAST JANUARY. THE NEW HIGH COMMISSIONER IS CLOSE
TO SOME OF THE KEY FIGURES IN THE NEW GOVERNMENT OF INDIA.
KEELEY

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